DEPARTMENT OF THE ARMY
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BULLETIN No. 18-02

Open Season for the Federal Long Term Care Insurance Program is here!!
July 1 – December 31, 2002

Will you need long term care?

- Approximately 60% of people who reach age 65 will need long term care at some point in their lives
- 40% of people receiving long term care are between ages 18-64

(Source: Conning & Company, Long-Term Care Insurance, Baby Boom or Bust? 1999)

Are your finances at risk?

- The national average annual cost of nursing home care is $52,000* and is expected to rise to $190,600 by 2030**
- Home health care costs are high as well. The national average annual cost of home health care is $20,000 (that's $18/hour*, five hours a day, five days a week for a home health aide) and is expected to rise to $68,000 by 2030**

** MetLife Market Survey of Nursing Home and Home Care Costs, April 2002*
*** "Can Aging Baby Boomers Avoid the Nursing Home?", Stucki, B. and Mulvey, J., American Council of Life Insurers, March 2000, page 15*

Did you know that many financial advisors recommend long term care insurance as part of a client's total financial plan?
Whatever your age, long term care can be one of the best and most economical ways to help pay for long term care, should you ever require it.

"Don't let the high cost of long term care jeopardize your savings - or burden the lives and finances of those who care about you most! Find out if the new Long Term Care Insurance Program is right for you!" - Kay Coles James, Director, U.S. Office of Personnel Management.

4 Great Reasons to Learn More!:

- The Program Is Sponsored by the U.S. Office of Personnel Management (OPM) and Backed by Two Leading Insurers
- You Can Save with Group Premiums
- Care Provided by Family and Friends Is Covered
- You're Covered in the U.S. and Abroad

Act Smart!
Get a FREE Open Season Information Kit and application.
Call 1-800-LTC-FEDS (1-800-582-3337) (TDD 1-800-843-3557) or visit www.LTCFEDS.com.

Please note that the application for Open Season is different from Early Enrollment. Only Open Season Applications may be used to apply.

The Federal Long Term Care Insurance Program (FLTCIP) is sponsored by the U.S. Office of Personnel Management. The Federal Long Term Care Insurance Program is administered by Long Term Care Partners, LLC, and offered by: John Hancock Life Insurance Company, Boston, MA 02117 Metropolitan Life Insurance Company, New York, NY 10010.

What's the advantage of applying during Open Season?
During the Open Season, Federal civilian and Postal employees, members of the uniformed services, and their spouses, can apply for the Program using an abbreviated underwriting application that asks only a few health-related questions. After Open Season, they must use a full underwriting application that contains more health-related questions.

Another advantage is that all Open Season applicants will have premiums based on their age on July 1, 2002, no matter when during Open Season they apply. For example, someone who turns age 55 in August applying for coverage in October will get age 54-based premiums, since that was his/her age on July 1.

What is underwriting?
Underwriting is the process of reviewing medical and health-related information furnished in an insurance application process to determine if the applicant presents an acceptable level of risk and is insurable.

What is abbreviated underwriting?
In this type of underwriting, the application has several health-related questions designed to determine who may be immediately eligible for benefits, or likely to be eligible for benefits within a relatively short period of time. Employees and members of the uniformed services who apply for the insurance coverage will answer seven questions, and their spouses who apply will answer nine. Those applying for the unlimited benefit period will have to answer a few additional questions, sign a release giving access to medical records, and perhaps have an interview with a nurse.

What is full underwriting?

In this type of underwriting, there are quite a few more health-related questions. It may also include a review of medical records and perhaps an interview with a nurse. This is the same level of underwriting that those who purchase individual policies in the private market undergo.

Some employees didn't apply during Early Enrollment because they knew they wouldn't pass underwriting and the application told them not to send in the application if they answered yes to any of the questions. Should they consider applying during Open Season?
Absolutely, because there are more options available during Open Season for persons who won't pass the underwriting. There is an alternative insurance plan for some employees and spouses who are denied coverage. It provides more limited insurance coverage (nursing home-only coverage, with a 180-day waiting period). There is also a service package for all who are declined insurance coverage (access to care coordination services and provider discounts for a small annual fee).

What happens after Open Season?
After Open Season, eligible persons can still apply for FLTCIP coverage, but all who apply must complete a full underwriting application. Premiums will be based on the applicant's age at the time LTC Partners receives the application. New employees, employees in newly eligible positions, and their spouses can apply using the abbreviated application within 60 days of becoming eligible to apply. After that 60 days, they would have to use the full underwriting application.

Will there be annual Open Seasons?
No, annual Open Seasons will not be held. There will be future Open Seasons, but not on a regular or frequent basis.

Why should employees be told to contact LTC Partners with their questions? Why can't CPAC help them? What information will CPAC receive about employees who apply?
Long term care insurance is a complicated subject. It's not practical for the employing office personnel to become well-versed in long term care insurance without extensive training to counsel employees properly. LTC Partners have certified long term care insurance specialists available to help eligible members of the Federal Family make informed decisions on FLTCIP coverage.

Employing offices will not get a listing of employees who have applied and have been approved or denied coverage. LTC Partners will not release information on an employee's application to agencies. That information is private and protected. Employees with questions on coverage should go directly to LTC Partners.

ELIGIBILITY

Who is eligible to apply for coverage in the FLTCIP?
Federal Civilian and Postal employees
Federal civilian and Postal employees are eligible to apply for FLTCIP coverage if they are in a position that conveys eligibility for FEHB coverage. An employee does not need to be enrolled in FEHB, just eligible to enroll. You can find a complete listing of the types of civilian positions that are and are **not** eligible for FEHB in the FEHB Handbook, at *www.opm.gov/insure/handbook/FEHB06.htm*.

Employees must be in a position that conveys eligibility for FEHB at the time they apply for FLTCIP coverage. If an employee has FEHB coverage due to previous eligibility and continuity of coverage provisions, but the employee's current position does not convey FEHB eligibility, the employee is **not** eligible to apply for FLTCIP coverage.

Temporary employees are eligible to apply for FLTCIP coverage under the same rules as FEHB. Once a temporary employee has completed one year of continuous current employment, he/she has 60 days from the date of first eligibility to apply for coverage using an abbreviated underwriting application.

Non-appropriated fund (NAF) employees
NAF employees are not eligible to apply for FLTCIP coverage.

Annuitants
Federal civilian annuitants, including surviving spouses, other survivor annuitants, FERS MRA+10 annuitants, deferred annuitants (when they are receiving annuities), and compensationers, are eligible to apply for the insurance coverage. There is no "five-year rule" for the FLTCIP, as there is for the FEHB Program.

What qualified relatives are eligible to apply?
The current spouse of an eligible person noted above may apply for coverage. This includes a surviving spouse of a member or retired member of the uniformed services who is receiving a survivor annuity. Receipt of Dependency and Indemnity Compensation (DIC) from the Department of Veterans Affairs qualifies as a survivor annuity.

A former spouse is not eligible, even if he/she is eligible for FEHB coverage and/or is eligible for or receiving an apportionment of a survivor annuity.

The parents, parents-in-law, and stepparents of living employees or living members of the uniformed services are eligible to apply (but those of annuitants and retired members of the uniformed services are not). Parents-in-law include the parents of a deceased spouse, as long as the employee or member of the uniformed services has not remarried. A stepparent is the person who is currently married to the employee's parent, or if the parent is dead, the person who was married to the employee's parent at the time of his/her parent's death.

The adult children (age 18 or over) of living employees, living annuitants, or living members or living retired members of the uniformed services are eligible to apply. This includes natural children, adopted children and stepchildren. Foster children are not eligible to apply.

There are no self and family enrollments in the FLTCIP. Each person must submit his/her own application and pass underwriting on their own. However, payment of premiums can be consolidated (e.g., employees may choose to pay the premiums for their spouses by payroll deduction).

Qualified relatives may apply even if the employee, annuitant, member or retired member of the uniformed services to whom they are related does not apply or applies and is not approved for coverage.

How does someone show eligibility?
The FLTCIP relies on self-certification of an applicant's eligibility. The application asks the applicant to designate his/her eligibility category. The applicant's signature in the Agreement and Authorization section of the application signifies that the answers the applicant has given on the form (including his/her status as an eligible individual) are true and complete. This signature also attests that the applicant understands that if he/she is approved for coverage, but shouldn't have been because one or more answers are not true, LTC Partners has the right to deny benefits or cancel the insurance.

An enrollee who misrepresents his/her inclusion in an eligible group on the application risks losing coverage, and there is no time limit on this. Incontestability doesn't apply in this case (see the section on Incontestability near the end of this Civilian Personnel Bulletin, in the Miscellaneous section).

Can an employee in non-pay status apply?
An employee should not apply for FLTCIP coverage while in non-pay status. The coverage will not become effective as long as the employee is in a non-pay status. The application may no longer be valid by the time the employee returns to pay status because health and eligibility may have changed. It is simpler to wait to apply after returning to a pay status.

An employee returning to pay status during the Open Season will have 60 days from the date he/she returns to pay status, or until the end of the Open Season, whichever provides more time, to apply for coverage with abbreviated underwriting. For example, employees who return to pay status on October 15 still get until December 31 to apply with abbreviated underwriting. Their age for billing purposes would be their age on July 1, because they are applying during Open Season. Employees who return on November 15 will have until January 14 to apply. If they apply after Open Season ends, their age for billing purposes would be their age on the date that their application is approved.

An employee returning to pay status after the end of Open Season will have 60 days from his/her return to apply for coverage with abbreviated underwriting.

Both of these 60-day periods only apply if the employee has been in nonpay status in aggregate for over one-half of the Open Season. An employee who has been actively at work for at least half of the Open Season has already had ample opportunity to get information about the Program and to apply for coverage without the need for these special provisions.

Can someone apply after Open Season?
LTC Partners will accept full underwriting applications from eligible individuals at any time. After Open Season ends, employees, members of the uniformed services, and their spouses (other than new employees) will no longer be eligible for abbreviated underwriting. They must complete the full underwriting application.

Do employees' new spouses get a 60-day period to apply?
Yes. When an employee or member of the uniformed services marries, the new spouse has 60 days from the date of the marriage to apply for coverage using an abbreviated underwriting application. However, if the employee or member of the uniformed services wants to apply as well, he/she must apply with the full underwriting application. That's because the employee/member already had an opportunity to apply using an abbreviated underwriting application.

What about other new qualified relatives?
Other new qualified relatives of an employee or annuitant, or member or retired member of the uniformed services, may apply for coverage at any time using a full underwriting application.

EFFECTIVE DATES

When will coverage become effective?
Once LTC Partners approves an application for coverage, it will send notice of the approval to the applicant and provide an “original effective date” of coverage. An employee or member of the uniformed services must be actively at work for at least half of his/her regularly scheduled work hours on that date for coverage to take effect (or on the last workday before that date, if it falls on a weekend or holiday).

If employees work other than a full-time schedule, and the original effective date falls on a date that they are not scheduled to be at work, then they must meet the actively at work requirement on their closest workday before that original effective date.

Applicants are solely responsible for letting LTC Partners know if they do not meet the actively at work definition on the original effective date

Applicants are also solely responsible for letting LTC Partners know if their health changes from the time they completed their application until the effective date of their coverage. If it does, and if that change in health is such that they would now answer one or more questions differently on the application, they have a duty to inform LTC Partners. LTC Partners will then determine if they are still approved for coverage. If they do not inform LTC Partners of this change in health, then LTC Partners may have the right to deny a claim for benefits or rescind coverage.

The rules on coverage effective dates are explained in the Benefit Booklet that LTC Partners sends to applicants upon approval for coverage.

Actively at work definition

Actively at work means that a Federal civilian or Postal employee meets all of the following conditions:

- the employee is reporting for work at the usual place of employment or other location to which Government business requires him/her to travel; and
- the employee is able to perform all the usual and customary duties of employment on his/her regular work-schedule; and
- the employee is not absent from work due to sickness, injury, annual leave, sick leave or any other leave. (An employee is not considered to be on leave on his/her alternate work schedule's scheduled day off.)

What happens if the employee is not actively at work on the original effective date?

If the employee does not meet the actively at work definition on the original effective date, he/she is obligated to contact LTC Partners with that information. LTC Partners will then issue a revised effective date, which is the first day of the month after the date the employee returns to being actively at work. However, for coverage to become effective on the revised effective date, the employee must meet the actively at work requirement on that date as well. An employee's coverage will not become effective until he/she meets the actively at work requirement on the coverage effective date issued by LTC Partners. If LTC Partners discovers that an employee was not actively at work on the “effective” date of his/her coverage, benefits will never be paid because coverage never went into effect.

Employing offices will not monitor or report to LTC Partners on employees' work status on their original effective dates. However, if an employee submits a claim for benefits, LTC Partners may have a question about eligibility and may contact the agency for assistance.

Are effective dates always on the first day of a month?
Yes. Effective dates will always be on the first day of a month. If a coverage effective date falls on a weekend or a holiday, the employee must be actively at work on the last workday before that date.

Many employees will have original effective dates of October 1, 2002, since that is the first date that an Open Season enrollment can take effect. November 1, December 1, and January 1 will also be common original effective dates. Since coverage will not become effective when the employee is not actively at work on his/her original effective date, employees may wish to consider carefully before scheduling leave on that date. Since December 1 falls on a weekend, an employee must be actively at work on November 29 for coverage to take effect with a December 1 original effective date. For a January 1, 2003, effective date, an employee must be actively at work on December 31, 2002, for coverage to take effect, since January 1 is a holiday.

Examples
Joe is approved for coverage and LTC Partners gives him an original effective date of October 1, 2002. Joe is at work on that date for the entire day and is performing the usual duties of his position. Since he meets the actively at work requirement, his coverage goes into effect on that date.

Jacinda also has an original effective date of October 1. However, she takes sick leave on October 1. She is obligated to report to LTC Partners that she is not actively at work on her original effective date. Her coverage does not go into effect on October 1. LTC Partners issues her a revised effective date of November 1. She is at work on that date performing the usual duties of her position. Her coverage goes into effect on November 1.

Bob has an original effective date of December 1. He is at work for only two hours on November 29, so he does not meet the actively at work requirement because he is a full-time employee and a 2 hour period is less than one-half of his regularly schedule work hours for that day. He reports this to LTC Partners and gets a revised effective date of January 1. He is actively at work for the entire day of December 31, so his coverage goes into effect on January 1.

What happens if an employee's eligibility status changes before the coverage effective date?
If an employee retires after applying for coverage, but before the coverage becomes effective, the coverage will not go into effect. If the employee still wishes to have the coverage, he/she must reapply for coverage using the full underwriting application required of annuitants. An employee applying for FLTCIP coverage who is considering retirement may wish to consider delaying retirement until after his/her FLTCIP coverage has gone into effect.

Since October 1, 2002, is the first date that an Open Season enrollment can become effective, any employee who applies for coverage and then retires before that date will have to reapply with full underwriting, regardless of when he/she applied during the Open Season. Or, the employee may choose to wait until he/she has retired and then complete the full underwriting application.

An employee who otherwise separates from service (i.e., not through retirement) after he/she applies for coverage, but before the coverage becomes effective, loses eligibility to apply for insurance coverage under the FLTCIP. The coverage applied for will not go into effect (note that the employee has a positive obligation to notify LTC Partners in such an instance). An employee applying for FLTCIP coverage who is planning to separate from service may wish to consider delaying his/her separation date until after his/her FLTCIP coverage has gone into effect.

There is an exception to the above rule when an employee is involuntarily separated, such as through a reduction in force. Coverage **will** go into effect as if the employee hadn't separated. However, if the separation is due to the employee's misconduct, he/she loses eligibility and coverage will **not** go into effect.

MISCELLANEOUS

Who makes insurability decisions?
LTC Partners makes all insurability decisions, and those decisions cannot be appealed to OPM. However, an applicant may ask LTC Partners to reconsider its decision. This is similar to FEGLI Program requirements, where decisions to deny life insurance coverage cannot be appealed to OPM.

What is incontestability?
Incontestability is an insurance term and is part of the Program. LTC Partners cannot use any statement made by an enrollee which relates to insurability to contest the validity of the enrollee's coverage or to deny an otherwise valid claim, unless the statement was contained in writing and signed by the enrollee, and LTC Partners provided the enrollee with a copy of the form containing the statement in question (e.g., the application).

If coverage has been in force for less than 6 months, LTC Partners may contest the validity of coverage (cancel coverage and return premiums) or deny an otherwise valid claim if they can show that the enrollee misrepresented information in the application process.

If coverage has been in force for at least 6 months but less than 2 years, LTC Partners may contest the validity of coverage or deny an otherwise valid claim if they can show that the enrollee misrepresented information relevant to the condition that is the basis for the enrollee's claim.

If coverage has been in force for 2 years or more, LTC Partners may contest the validity of coverage or deny an otherwise valid claim only upon a showing that the individual knowingly and intentionally, by statement or omission, provided inaccurate information that was material to the decision to issue the insurance.

Incontestability does not apply to statements made about eligibility --- being included in a group eligible to apply for the coverage (such as misrepresentation that you are an employee or that you are the adult child of an annuitant). Such misrepresentations can cause coverage to be invalidated with no time limit.

Is coverage portable?
Yes. Once it is effective, FLTCIP coverage is fully portable. An enrollee can continue coverage as long as he/she pays premiums. This includes when an employee separates or retires from Federal service, or when a qualified relative loses eligibility status (such as through divorce). There are no requirements to carry it for any length of time before retirement or separation. For example, an employee whose coverage became effective on October 1 can retire on October 2 and carry coverage into retirement with no additional underwriting. The employing office does not need to take any action to ensure portability. Premiums do not change just because an employee retires or leaves an eligible group.

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Director, Civilian Personnel
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